

**FIRST NATIONS UNIVERSITY
OF CANADA INC.**

FINANCIAL STATEMENTS

March 31, 2020

FIRST NATIONS UNIVERSITY OF CANADA INC.

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March 31, 2020

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Independent Auditor's Report

To the Board of Governors of
First Nations University of Canada Inc.

Opinion

We have audited the financial statements of First Nations University of Canada Inc. (the "University"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the University in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the University's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
August 8, 2020
Regina, Saskatchewan

FIRST NATIONS UNIVERSITY OF CANADA INC.

Statement of Financial Position

As at March 31, 2020

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| | 2020 | 2019 |
|--|----------------------|----------------------|
| | | (Note 2) |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 15,309,559 | \$ 11,590,917 |
| Short-term investments (Note 6) | - | 514,097 |
| Accounts receivable (Note 3) | 893,953 | 1,188,554 |
| Prepaid expenses | 239,602 | 171,767 |
| | 16,443,114 | 13,465,335 |
| CAPITAL ASSETS (Note 2 and Note 4) | 22,846,483 | 23,228,321 |
| COLLECTIONS (Note 2 and Note 5) | 1 | 1 |
| INVESTMENTS (Note 6) | 1,986,811 | 2,048,894 |
| TOTAL ASSETS | \$ 41,276,409 | \$ 38,742,551 |
| LIABILITIES AND FUND BALANCES | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | \$ 1,666,731 | \$ 2,246,016 |
| Deferred revenue (Note 8) | 2,433,817 | 2,000,924 |
| Current portion of demand instalment loan (Note 10) | 556,936 | 526,018 |
| Current portion of deferred contributions (Note 11) | 532,827 | 525,407 |
| Current liabilities before demand instalment loan (Note 10) | 5,190,311 | 5,298,365 |
| Demand instalment loan (Note 10) | 9,050,437 | 9,604,875 |
| | 14,240,748 | 14,903,240 |
| Deferred contributions (Note 11) | 12,374,479 | 12,351,169 |
| TOTAL LIABILITIES | 26,615,227 | 27,254,409 |
| FUND BALANCES | | |
| Maintained permanently as endowments | 565,550 | 565,550 |
| Externally restricted trust and research funds (Note 12) | 416,957 | 482,957 |
| Internally restricted trust and research funds (Note 12) | 10,155,355 | 9,201,462 |
| Invested in capital assets | 331,804 | 220,852 |
| Unrestricted funds | 3,191,516 | 1,017,321 |
| | 14,661,182 | 11,488,142 |
| | \$ 41,276,409 | \$ 38,742,551 |

Commitments (Note 14)

See accompanying notes to financial statements

ON BEHALF OF THE BOARD OF GOVERNORS

 Governor

 Governor

FIRST NATIONS UNIVERSITY OF CANADA INC.
Statement of Operations and Changes in Fund Balances
Year ended March 31, 2020

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| | Restricted | | | | Total | Total |
|--|---------------------|-------------------|--------------------|-------------|---------------------|---------------------|
| | General | Trust | Research | Endowment | 2020 | 2019 |
| REVENUES | | | | | | |
| Administration fees | \$ 3,795 | \$ - | \$ - | \$ - | \$ 3,795 | \$ 204,247 |
| Amortization of deferred contributions (Note 11) | 532,827 | - | - | - | 532,827 | 525,407 |
| Community-based program academic fees | 543,560 | - | - | - | 543,560 | 555,101 |
| Daycare | 93,209 | - | - | - | 93,209 | - |
| Donations | 204,177 | 53,836 | - | - | 258,013 | 114,096 |
| Facility lease | 440,638 | - | - | - | 440,638 | 512,116 |
| Federal government grant | 7,000,000 | - | - | - | 7,000,000 | 7,000,000 |
| Interest | 185,380 | - | - | - | 185,380 | 381,072 |
| Investment (loss) income | (971) | (13,681) | - | - | (14,652) | 22,301 |
| Miscellaneous | 1,321 | - | - | - | 1,321 | 29,948 |
| Provincial government grant | 3,638,000 | - | - | - | 3,638,000 | 3,639,800 |
| Research projects | - | - | 129,234 | - | 129,234 | 306,142 |
| Parking lot revenue | 34,848 | - | - | - | 34,848 | 60,527 |
| Special projects (Note 8) | 3,237,983 | - | - | - | 3,237,983 | 3,809,359 |
| Student academic fees | 8,464,191 | - | - | - | 8,464,191 | 7,174,798 |
| Total revenues | 24,378,958 | 40,155 | 129,234 | - | 24,548,347 | 24,334,914 |
| EXPENSES | | | | | | |
| Academic instruction | 7,218,516 | - | - | - | 7,218,516 | 7,161,406 |
| Administration | 3,177,147 | - | - | - | 3,177,147 | 3,506,407 |
| Amortization of capital assets | 1,170,663 | - | - | - | 1,170,663 | 1,187,122 |
| Parking lot expenses | 75,944 | - | - | - | 75,944 | 14,914 |
| Computing and communications | 843,561 | - | - | - | 843,561 | 654,016 |
| Community-based academic programs | 483,984 | - | - | - | 483,984 | 420,471 |
| Daycare | 212,647 | - | - | - | 212,647 | - |
| Interest on long-term debt | 635,522 | - | - | - | 635,522 | 685,887 |
| Library | 363,069 | - | - | - | 363,069 | 343,810 |
| Physical plant | 2,000,144 | - | - | - | 2,000,144 | 2,041,075 |
| Research projects | - | - | 213,966 | - | 213,966 | 244,665 |
| Scholarships, bursaries, grants | 41,782 | 44,806 | - | - | 86,588 | 85,421 |
| Special projects | 3,238,145 | - | - | - | 3,238,145 | 3,815,608 |
| Student services | 1,655,411 | - | - | - | 1,655,411 | 1,556,611 |
| Total expenses | 21,116,535 | 44,806 | 213,966 | - | 21,375,307 | 21,717,413 |
| EXCESS (DEFICIENCY) OF REVENUES | | | | | | |
| OVER EXPENSES | \$ 3,262,423 | \$ (4,651) | \$ (84,732) | \$ - | \$ 3,173,040 | \$ 2,617,501 |
| Fund balances, beginning of year | 2,691,468 | 9,572,662 | 111,757 | 565,550 | 12,941,437 | 10,323,936 |
| Adjustments for retrospective change in accounting policy for collections (Note 2) | (1,453,295) | - | - | - | (1,453,295) | (1,453,295) |
| Adjusted balances, beginning of year | 1,238,173 | 9,572,662 | 111,757 | 565,550 | 11,488,142 | 8,870,641 |
| Interfund transfers (Note 13) | (977,276) | 977,276 | - | - | - | - |
| Fund balances, end of year | \$ 3,523,320 | \$ 10,545,287 | \$ 27,025 | \$ 565,550 | \$ 14,661,182 | \$ 11,488,142 |

See accompanying notes to financial statements

FIRST NATIONS UNIVERSITY OF CANADA INC.

Statement of Cash Flows

Year Ended March 31, 2020

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| | 2020 | 2019 |
|---|----------------------|----------------------|
| CASH FLOWS FROM (USED IN) | | |
| OPERATING ACTIVITIES | | |
| Excess of revenues over expenses | \$ 3,173,040 | \$ 2,617,501 |
| Items not involving cash: | | |
| Amortization of capital assets | 1,170,663 | 1,187,122 |
| Amortization of deferred contributions | (532,827) | (525,407) |
| Interest earned on investments and reinvested | 576,180 | (102,087) |
| Change in non-cash operating items: | | |
| Accounts receivable | 294,601 | 539,699 |
| Prepaid expenses | (67,835) | (74,108) |
| Accounts payable and accrued liabilities | (579,285) | 530,511 |
| Deferred revenue | 432,893 | 465,201 |
| | 4,467,431 | 4,638,432 |
| CASH FLOWS FROM (USED IN) | | |
| INVESTING ACTIVITIES | | |
| Purchase of capital assets | (788,825) | (141,034) |
| | (788,825) | (141,034) |
| CASH FLOWS FROM (USED IN) | | |
| FINANCING ACTIVITIES | | |
| Receipt of deferred contributions | 563,557 | 29,756 |
| Repayment of demand installment loan | (523,520) | (494,459) |
| | 40,037 | (464,703) |
| INCREASE IN CASH | 3,718,642 | 4,032,695 |
| CASH, BEGINNING OF YEAR | 11,590,917 | 7,558,222 |
| CASH, END OF YEAR | \$ 15,309,559 | \$ 11,590,917 |

See accompanying notes to financial statements

1. PURPOSE OF ORGANIZATION

The First Nations University of Canada Inc. (the "University") is a First Nations controlled, post secondary educational institution providing educational opportunities to both First Nations and non-First Nations students. It is incorporated under the *Non-profit Corporations Act of Saskatchewan*, and its Regina campus is located on the atim kâ-mihkosit reserve, which is federally-designated urban reserve land.

The University's mission is to enhance the quality of life, and to preserve, protect, and interpret the history, language, culture, and artistic heritage of First Nations.

The University is a registered charity under the *Income Tax Act (Canada)* and accordingly is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements for the year ended March 31, 2019 have been prepared in accordance with Canadian accounting standards for not-for-profit organizations outlined in Part III of the CPA Canada Handbook. The following summary of significant accounting policies contains a description of the accounting methods and practices that are used by the University:

a) Change in Accounting Policies

Effective April 1, 2019, the University adopted Handbook Section 4441, Collections held by not for-profit organizations ("Section 4441") replacing Section 4440 on the same topic. Section 4441 requires all collections to be recorded on the statement of financial position and provides guidance on the measurement of items in a collection, write-downs (including partial impairments) and disposals of collection items along with additional disclosure requirements. The University has elected to record collections at nominal value. Previously purchased collections were recorded at cost and contributed collections were recorded at fair value at the date of contribution. In accordance with the transition provisions, the Organization has applied Section 4441 retrospectively. The application of Section 4441 has resulted in a \$1,453,295 decrease to capital assets and net assets at April 1, 2019.

Effective April 1, 2019, the University adopted Handbook Section 4433, Tangible Capital Assets Held by Not-for-Profit Organizations ("Section 4433"). Among other requirements, Sections 4433 required componentization of capital assets held at April 1, 2019 and those acquired subsequent to that date into significant identifiable component parts that have different useful lives. Also, Sections 4433 introduce the requirement to recognize partial impairment of the capital assets should the net book value of such assets be non-recoverable at a particular date. The adoption of Section 4433 did not have a material impact on the University's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fund accounting

The University follows the restricted fund method of accounting for contributions. Under fund accounting, resources are classified for accounting and reporting purposes into funds in accordance with specified activities or objectives.

The statement of operations and changes in fund balances shows the total revenues and expenses of the University after elimination of interfund transactions with ancillary and internal cost recoveries. The University has classified accounts with similar characteristics into major funds as follows:

The General Fund

The General Fund accounts for the University's program delivery, service and administrative activities. This fund reports unrestricted contributions and revenue, as well as restricted contributions for the purchase of capital assets and funds restricted for special projects.

The Endowment Fund

The Endowment Fund reports permanently restricted contributions and revenue that are subject to externally imposed restrictions stating that the resources contributed are to be maintained permanently.

The Restricted Fund

The Restricted Fund reports only restricted resources that are to be used for specific purposes. The Restricted Fund is further classified as Research and Trust.

The Research Fund records revenue and expenses specifically restricted for research projects as identified by the granting agencies, research institutions and other public and private organizations.

The Trust Fund consists of both internally and externally restricted resources that may be used in their entirety within the restrictions established by the provider of the funds or the Board of Governors. These funds are restricted for the provision of scholarships, and for capital maintenance.

c) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments, which extend the estimated life of an asset, are capitalized. When an item of capital asset no longer contributes to the University's ability to provide services, its carrying amount is written down to its residual value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)*c) Capital assets (continued)*

Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

| | |
|-----------------------------------|----------|
| Building | 40 years |
| Furniture, fixtures and equipment | 8 years |
| Computer equipment | 4 years |
| Leasehold improvements | 5 years |
| Library | 10 years |

d) Collections

The University has acquired collections of artifacts and works of art that are rare and unique and are of an historic, cultural or artistic interest to the university. Collection items are protected and preserved and held for public display, education and research purposes. Collections are recorded at nominal value since cost cannot be reasonably determined. Artwork is treated as a collection and, accordingly, is not being amortized.

e) Revenue recognition

The University follows the restricted fund method whereby externally restricted revenue is recognized in the fund corresponding to the purpose for which they were contributed. Restricted revenue for which no corresponding restricted fund is presented is recognized in the General Fund in accordance with the deferral method. Unrestricted revenue is recognized in the General Fund in the year they are received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Since there is no corresponding fund, contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets. In addition, funds used or restricted for special projects are deferred until there is a related expense, at which time the funds are recognized into revenue.

Student academic fees are recognized as revenue in the year the related classes are held. Investment income is recognized as revenue when the revenue is earned.

f) Financial instruments

The University initially measures its financial assets and liabilities at fair value. The University subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in the fair value of these financial instruments are recognized in the period incurred as unrealized gains or losses in the statement of operations and changes in fund balances.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)*f) Financial instruments (continued)*

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in excess of revenues over expenses over the life of the instrument using the straight-line method.

For financial assets measured at cost or amortized cost, the University determines whether there are indications of possible impairment. When there is an indication of impairment, and the University determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenues over expenses in the period the reversal occurs.

g) Hedge accounting

The University has entered into an interest rate swap agreement to manage the risk of fluctuating interest rates on its variable rate debt.

When both at the inception of a hedging relationship and throughout its term the University has reasonable assurance that the critical terms of the hedging item and the hedged item are the same, the University may choose to designate that hedge accounting will be applied.

Interest rate swaps in qualifying hedging relationships are not recognized until their maturity. Net amounts receivable or payable on the interest rate swap are recognized as an adjustment to the interest expense on the hedged item in the period during which they accrue.

Hedge accounting may not be electively discontinued. If an interest rate swap is discontinued, any gain or loss is recognized as an adjustment to the debt and amortized to excess of revenues over expenses as interest payments are accrued.

h) Use of estimates

The preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include the underlying estimations of useful lives of capital assets, the carrying amounts of accounts receivable and underlying provision for bad debts and the assessment of contingencies and accrued liabilities. Actual results could differ from those estimates.

FIRST NATIONS UNIVERSITY OF CANADA INC.

Notes to the Financial Statements

Year ended March 31, 2020

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3. ACCOUNTS RECEIVABLE

| | <u>2020</u> | <u>2019</u> |
|-----------------------------------|-------------------|---------------------|
| Accounts receivable - general | \$ 434,483 | \$ 826,663 |
| Tuition receivable | 364,771 | 347,794 |
| Due from the University of Regina | 35,672 | - |
| Operating and travel advances | 32,099 | 14,097 |
| Payroll subsidy receivable | 25,000 | - |
| GST receivable | 1,928 | - |
| | <u>\$ 893,953</u> | <u>\$ 1,188,554</u> |

During the year, \$122,288 (2019 - \$84,116) of bad debt expense was recorded in administration expenses.

4. CAPITAL ASSETS

| | <u>Cost</u> | <u>Amortization</u> | <u>2020</u> | <u>2019</u> |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|
| Land | \$ 1 | \$ - | \$ 1 | \$ 1 |
| Building - Regina | 37,688,752 | 15,564,912 | 22,123,840 | 22,520,326 |
| Furniture, fixtures and equipment | 5,577,115 | 5,411,066 | 166,049 | 207,931 |
| Computer equipment | 2,742,686 | 2,710,871 | 31,815 | 26,687 |
| Leasehold improvements | 378,904 | 279,791 | 99,113 | 4,917 |
| Library | 3,129,033 | 2,703,368 | 425,665 | 468,459 |
| | <u>\$ 49,516,491</u> | <u>\$ 26,670,008</u> | <u>\$ 22,846,483</u> | <u>\$ 23,228,321</u> |

5. COLLECTIONS

| | <u>2020</u> | <u>2019</u> |
|---------------------|-------------|-------------|
| Artwork & Artifacts | \$ 1 | \$ 1 |

During the year the University did not purchase or dispose of any artwork in their collections.

6. INVESTMENTS

| | <u>2020</u> | <u>2019</u> |
|------------------------------|---------------------|---------------------|
| Short-term investment | | |
| Investment held in trust | \$ - | \$ 514,097 |
| Long-term investments | | |
| Pooled funds | | |
| Endowment | \$ 1,517,900 | \$ 1,565,331 |
| Scholarships | 468,911 | 483,563 |
| | <u>1,986,811</u> | <u>2,048,894</u> |
| | <u>\$ 1,986,811</u> | <u>\$ 2,562,991</u> |

Pooled fund investments are held in a balanced pooled fund on behalf of the University by the University of Regina. The pooled fund has no fixed distribution rate and fund returns are based on the success of the fund manager.

On April 1, 2014, the University entered into an Advisory Services Agreement with the University of Regina. Under this Advisory Services Agreement, which expired March 31, 2016, the University of Regina provided certain administrative and financial management services to the University. In order to indemnify the University of Regina for any liabilities that may arise out of the performance of these administrative and financial management services, the University placed a \$750,000 guaranteed investment certificate in trust with the University of Regina. This guaranteed investment certificate is reported as a short-term investment and pays interest at a rate of 1.15% in the first year, 1.35% in the second year and 1.70% in the third year. \$250,000 of the indemnity was returned in April 2017, with the remainder returned in April 2019.

7. RISK MANAGEMENT

Exposure to credit risk, liquidity risk and market risk (consisting of interest rate risk, fair value risk, and equity price risk) arise in the normal course of the University's business.

Credit Risk

The University's principal financial assets are cash, accounts receivable and investments. The carrying amounts of the financial assets in the statement of financial position represent the University's maximum credit exposure at the statement of financial position date.

The amounts disclosed in the statement of financial position are net of allowance for doubtful accounts, estimated based on previous experience and an assessment of the current economic environment. With the exception of amounts receivable from the University of Regina, the University does not have significant exposure to any individual customer.

7. RISK MANAGEMENT (continued)

Credit Risk (continued)

The credit risk associated with investments is minimized substantially by ensuring that these assets are held with highly rated financial management companies.

Liquidity Risk

Liquidity risk is the risk that the University is unable to meet its financial obligations as they fall due. The University manages this risk by managing its cash resources and having a line of credit available to it (Note 8).

On March 11, 2020 the World Health Organization characterized the outbreak of a strain of the novel coronavirus (COVID-19) as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. These public health and emergency measures resulted in an economic slowdown, restrictions on public gatherings and activities. As of the date these financial statements were issued, the University remains closed to the public. The duration and impact of COVID-19 is unknown. Potential impacts include loss of revenue, supply chain disruption, challenges associated with a remote learning and workforce and potential asset impairment.

Market Risk

The University is exposed to interest rate risk on its demand instalment loan, the details of which are discussed in Note 9.

The University has entered into an interest rate swap agreement in order to address the interest rate risk inherent in the demand instalment loan, which accrues interest at prime plus 1.25%. Under the terms of the agreement, the University receives from the counterparty a monthly payment equal to the variable amount of interest on the demand instalment loan and pays the counterparty a fixed rate of 5.725%. The notional value of the interest rate swap is \$9,607,373 with a term maturity of June 30, 2032. The impact of the rates on the demand instalment loan and on the interest rate swap is reflected in the statement of operations and changes in fund balances as interest on demand instalment loan of \$635,522 (2019 - \$678,697).

The University's investments are in a pooled fund (Note 6) which consists of individual equity investments and, accordingly, are subject to equity price risk.

The University is not subject to foreign exchange risk.

FIRST NATIONS UNIVERSITY OF CANADA INC.

Notes to the Financial Statements

Year ended March 31, 2020

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8. DEFERRED REVENUE

The deferred revenue represents restricted operating funding received in the current period for Special Projects that is intended to cover operating expenses for these various projects in the subsequent period. Changes in the deferred operating funding are as follows:

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| Balance, beginning of year | \$ 2,000,924 | \$ 1,535,723 |
| Less: Amount recognized as Special Projects in the year | (3,237,983) | (3,809,359) |
| Plus: Amount received related to Special Projects for the following year | 3,670,876 | 4,274,560 |
| <u>Balance, end of year</u> | <u>\$ 2,433,817</u> | <u>\$ 2,000,924</u> |

9. LINE OF CREDIT

The University has an authorized line of credit to a maximum of \$500,000 bearing interest at prime (Note 10), secured by a general security agreement. At March 31, 2020, no amounts were drawn against this line of credit (2019 - \$Nil).

10. DEMAND INSTALMENT LOAN

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|
| Mortgage payable at an interest rate of CIBC prime plus 1.25% repayable in monthly installments during the year, averaging of \$99,668, and due June 2032. Secured by a first mortgage on the Regina Building located at the University of Regina Campus, Saskatchewan, and a general security agreement. Recallable on demand. | \$ 9,607,373 | \$ 10,130,893 |
| <u>Less: current portion</u> | <u>(556,936)</u> | <u>(526,018)</u> |
| | <u>\$ 9,050,437</u> | <u>\$ 9,604,875</u> |

The CIBC prime interest rate at March 31, 2020 is 2.45% (2019 - 3.95%)

Required principal repayments on long-term debt in each of the next five years and thereafter, calculated using the minimum required payments and assuming the loans are refinanced on similar terms and conditions, are approximately as follows:

| | |
|------------|------------|
| 2021 | \$ 556,936 |
| 2022 | 589,670 |
| 2023 | 624,329 |
| 2024 | 661,025 |
| 2025 | 699,878 |
| Thereafter | 6,475,535 |

FIRST NATIONS UNIVERSITY OF CANADA INC.

Notes to the Financial Statements

Year ended March 31, 2020

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11. DEFERRED CONTRIBUTIONS

Deferred contributions relate to capital assets and contributions received for specified other purposes, for which no fund is maintained and for which expenses will be incurred in a future period. The amortization of deferred contributions is recorded as revenue in the statement of operations and changes in fund balances as the related capital assets are amortized or as the related expenses are incurred:

| | <u>2020</u> | <u>2019</u> |
|--|----------------------|----------------------|
| Balance, beginning of year | \$ 12,876,576 | \$ 13,372,227 |
| Additional contributions received | 563,557 | 29,756 |
| Amortization of deferred contributions | (532,827) | (525,407) |
| | <u>12,907,306</u> | <u>12,876,576</u> |
| Less: current portion | (532,827) | (525,407) |
| | <u>\$ 12,374,479</u> | <u>\$ 12,351,169</u> |

12. RESTRICTED FUND BALANCES

Externally restricted funds

| | <u>2020</u> | <u>2019</u> |
|-----------------------------|-------------------|-------------------|
| Restricted for scholarships | \$ 389,932 | \$ 371,200 |
| Restricted for research | 27,025 | 111,757 |
| | <u>\$ 416,957</u> | <u>\$ 482,957</u> |

Internally restricted funds

Internally restricted fund for scholarships includes trust funds and investment income that are expendable for scholarships at the discretion of the University's Scholarship Committee. The non-expendable capital maintenance fund consists of interest earned on an endowment balance of \$400,000, from which the Board of Governors has restricted 4% compounding interest per annum, amounting to \$922,158 (2019 - \$871,307).

| | <u>2020</u> | <u>2019</u> |
|--|----------------------|---------------------|
| Student initiatives, traditional knowledge, and campus improvements and promotions | \$ 3,640,000 | \$ 3,640,000 |
| Development of Regina campus urban reserve | 2,510,000 | 2,510,000 |
| Staff renewal and related operating expenses | 1,700,000 | 1,700,000 |
| Non-expendable capital maintenance | 922,158 | 871,307 |
| Investment in capital assets | 765,000 | - |
| Expendable restricted for scholarships | 618,197 | 480,155 |
| | <u>\$ 10,155,355</u> | <u>\$ 9,201,462</u> |

FIRST NATIONS UNIVERSITY OF CANADA INC.

Notes to the Financial Statements

Year ended March 31, 2020

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13. INTERFUND TRANSFERS

Each year, the University transfers amounts between its funds for various purposes, including reassigning fund balances to support certain activities. Transfers from the General Fund to the Restricted Funds during the year were:

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|---------------------|
| Investment in capital assets | \$ 765,000 | \$ - |
| Development of Regina campus urban reserve | - | 2,510,000 |
| Non-expendable capital maintenance | 50,852 | 48,896 |
| Investment (loss) income - Scholarships | (971) | 22,302 |
| Scholarships - net | 162,395 | 41,052 |
| | <u>\$ 977,276</u> | <u>\$ 2,622,250</u> |

14. COMMITMENTS

The University has entered into lease agreements for its office equipment and buildings. The following is a schedule of the future minimum payments for the next five years and thereafter for these commitments.

| | |
|------------|------------|
| 2021 | \$ 878,824 |
| 2022 | 773,191 |
| 2023 | 435,803 |
| 2024 | 196,832 |
| 2025 | 196,311 |
| Thereafter | 934,801 |

15. BOARD & EXECUTIVE COMPENSATION

During the year, the University paid honorariums and expenses totaling \$101,752 (2019 - \$59,185) to board members.

Executive compensation is reflected in salaries and benefits in Administration.

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year presentation.

FIRST NATIONS UNIVERSITY OF CANADA INC.

Schedule 1 - Expenses

Year Ended March 31, 2020

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| | Functional Area | | | | | | | | 2020 | 2019 |
|-----------------------------------|----------------------|-----------------------------------|----------------|------------------|----------------|------------|------------------------------|----------------|---------------|---------------|
| | Academic Instruction | Community-based Academic Programs | Regina Daycare | Student Services | Physical Plant | Library | Computing and Communications | Administration | | |
| Salaries & benefits | \$ 6,824,372 | \$ 386,968 | \$ 127,093 | \$ 1,436,049 | \$ 544,184 | \$ 338,746 | \$ 233,726 | \$ 1,426,903 | \$ 11,318,041 | \$ 11,379,850 |
| Space rental and occupancy | - | - | 4,000 | - | 1,327,411 | - | 114,135 | - | 1,445,546 | 1,464,861 |
| Student activities | 145,140 | - | - | 131,340 | - | - | - | 194,195 | 470,675 | 344,179 |
| Supplies and service | 196,682 | 28,430 | 81,554 | 61,336 | 128,322 | 17,468 | 487,386 | 1,447,242 | 2,448,420 | 2,281,003 |
| Travel | 52,322 | 68,586 | - | 26,686 | 227 | 6,855 | 8,314 | 108,807 | 271,797 | 213,903 |
| Total | \$ 7,218,516 | \$ 483,984 | \$ 212,647 | \$ 1,655,411 | \$ 2,000,144 | \$ 363,069 | \$ 843,561 | \$ 3,177,147 | \$ 15,954,479 | \$ 15,683,796 |
| Amortization | | | | | | | | \$ 1,170,663 | \$ 1,170,663 | \$ 1,187,122 |
| Parking lot expenses | | | | | | | | 75,944 | 75,944 | 14,914 |
| Interest on long-term debt | | | | | | | | 635,522 | 635,522 | 685,887 |
| Scholarship, bursaries and grants | | | | | | | | 86,588 | 86,588 | 85,421 |
| Research projects (Schedule 4) | | | | | | | | 213,966 | 213,966 | 244,665 |
| Special projects (Schedule 5) | | | | | | | | 3,238,145 | 3,238,145 | 3,815,608 |
| Total | | | | | | | | | \$ 5,420,828 | \$ 6,033,617 |
| Total | | | | | | | | | \$ 21,375,307 | \$ 21,717,413 |

Executive compensation is included in salaries and benefits in the Administration area.

FIRST NATIONS UNIVERSITY OF CANADA INC.**Schedule 2 - Research Projects Revenue**

Year ended March 31, 2020

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| | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| University of Regina - Social Sciences and Humanities Research Council | \$ 19,873 | \$ 9,836 |
| University of Regina | 2,602 | 4,232 |
| University of Saskatchewan | 12,800 | - |
| European Research Council | 20,589 | 260,635 |
| Minister of Canadian Heritage | 73,370 | 31,439 |
| TOTAL | \$ 129,234 | \$ 306,142 |

FIRST NATIONS UNIVERSITY OF CANADA INC.**Schedule 3 - Special Projects Revenue**

Year ended March 31, 2020

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| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| Provincial Government: | | |
| Government Relations | \$ - | \$ 5,000 |
| Sask Power | 5,000 | 5,000 |
| Casino Regina | 893 | 945 |
| Ministry of Education | 93,398 | - |
| Ministry of Economy | 5,000 | - |
| Federal Government: | | |
| Aboriginal Affairs and Northern Development Canada (AANDC) | 1,060,553 | 3,316,239 |
| Indigenous Service Canada | 1,701,181 | 98,250 |
| Farm Credit Canada | 1,500 | 1,500 |
| Librarian and Archivist of Canada | 44,021 | - |
| Other: | | |
| Regina - First Nations University Annual Pow Wow | 242,631 | 261,233 |
| University of Regina | 15,927 | 53,109 |
| Regina Treaty Status Indian Services Inc. | - | 1,276 |
| Information Services Corporation | 2,500 | 2,500 |
| FHQ Developments | 2,500 | 2,000 |
| Usand Group | - | 18,175 |
| Northern Lights Community Development Corporation | 2,982 | 2,523 |
| Saskatchewan Indian Gaming Authority | 3,121 | 28,150 |
| Saskatchewan Indian Equity Foundation | 4,898 | 1,409 |
| Nutrien | 5,000 | 5,000 |
| Mosaic | - | 1,000 |
| Let's Talk Science | 3,174 | 1,277 |
| Mental Health Commission of Canada | - | 1,222 |
| Natural Science and Engineering Research Council | 23,393 | 1,651 |
| ACTUA | 3,400 | - |
| Enbridge | 5,000 | - |
| K+S Potash | 1,000 | - |
| MNP | 1,000 | - |
| Peace Hills Trust | 400 | - |
| Stockdale Electric | 2,499 | - |
| Other | 7,012 | 1,900 |
| TOTAL | \$ 3,237,983 | \$ 3,809,359 |

FIRST NATIONS UNIVERSITY OF CANADA INC.**Schedule 4 - Research Projects Expenses**

Year ended March 31, 2020

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| | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| Educational | | |
| CIHR - Two-eyed Seeing | \$ - | \$ 4,236 |
| Natural Resource Partnership and New Venture Creation in First Nations Context | - | 4,719 |
| Research - Miriam McNab | - | 259 |
| Chemical Survey of Native Prairie Plants | 2,750 | 1,276 |
| Dene - ACQDIV | 101,792 | 200,428 |
| Cree and Saulteaux Relationships with Minerals: Past, Present and Future | - | 1,503 |
| Explanatory English - Cree Dictionary of Mathematics Terms | - | 263 |
| Studies of Orals Stories About Indigenous Artifacts | - | 2,602 |
| Determinants of Diet and Its Effect on the Health of Indigenous People | - | 355 |
| Indigenous Artefacts | 76,752 | 19,188 |
| Indigenous Social Entrepreneurship | 2,672 | 6,707 |
| Reconnecting People, Land & Language | 17,200 | 3,129 |
| Mental Health Prevention | 12,800 | - |
| TOTAL | \$ 213,966 | \$ 244,665 |

FIRST NATIONS UNIVERSITY OF CANADA INC.**Schedule 5 - Special Projects Expenses**

Year ended March 31, 2020

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| | <u>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|
| Educational | | |
| First Nations University Pow Wow - Regina | \$ 242,631 | \$ 259,733 |
| Aboriginal Youth Entrepreneurship Camp | 64,918 | 53,909 |
| Elders Christmas Dinner | 893 | 945 |
| Wisemen Mathematics Contest | - | 195 |
| Regina Treaty Status Indian Services Inc. - Strategic Plan | - | 1,276 |
| First Nations University - Regina Campus - 40th Anniversary | - | 18,175 |
| Online Administration Certificate | - | 36,715 |
| President's Fund - First Nations University | 240 | 35 |
| Personal Finance Textbook | 1,485 | 5,937 |
| National Science Laboratory Video | 23,393 | 1,651 |
| Young Writers | - | 485 |
| Student Mentorship | 162 | 146,085 |
| Indigenous Literacy Studies 4th Annual Conference | - | 2,814 |
| Indigenous Leadership Program | 10,522 | 40,854 |
| Let's Talk Science | 7,095 | 4,782 |
| National Science Camp 2018-2019 | - | 104,438 |
| Evaluation Process SIGA | - | 28,150 |
| New Paths to Education 2018-2019 | - | 214,598 |
| Round Dance-INDG290 | - | 2,100 |
| Elder's Teaching Program | 2,982 | 2,523 |
| Indigenous Leadership & Governance Program Training | 54,750 | 98,250 |
| Standard for Psychological Health | - | 1,222 |
| Career Fair | 366 | - |
| Indian History Film Project Digitization | 19,414 | - |
| Saskatoon - Daycare | 9,233 | - |
| Library Support Worker | 12,179 | - |
| NCCIE - Projects | - | 874,815 |
| NCCIE - Year II | 1,023,374 | 1,915,921 |
| NCCIE - Year III | 1,622,409 | - |
| Student Mentorship Project | 12,022 | - |
| Environmental Health Project | 12,000 | - |
| Sharing Our Legacy | 24,607 | - |
| Math Science Camp 2019 | 9,305 | - |
| Regina Daycare Start up Grant | 77,490 | - |
| Regina Daycare Active Play Grant | 5,000 | - |
| Regina Daycare Literacy Grant | 1,675 | - |
| TOTAL | \$ 3,238,145 | \$ 3,815,608 |